REPORT

OF

THE MINORITY

OF THE

SELECT COMMITTEE,

TO WHICH WAS REFERRED

The Bill from the House of Delegates, providing for the Resumption of SPECIE PAYMENTS *by the Banks of this State.*

In the view of the undersigned, the Banks have been the primary cause of the difficulties and embarrassments, with which every class and portion of society, are now contending. Their administration for years past, dictated by a competition and avidity for large profits, and a speculative advancement of the price of their stocks, have seduced and misled them from the true and legitimate objects of banking, to the mere pursuit of private ends; forgetful of the high dignity and destiny assigned to them, of regulating the currency, and maintaining the standard of value in the community. This object and design was clearly in view of the Legislature, when by a corporate charter, they granted favors and indulgences, by authority of the State, which are denied to its individual citizen. How far they have been true to this end, and the just expectations of the community that confided in them, to sustain a fixed representation of value on every man's property and possessions, let the past history of banking transactions, and the present anxiety, alarm and suffering of the community answer. The Bank suspensions for years, have not only unsettled the value of labor and property, but have uprooted the foundations of trade, by the destruction of credit and confidence in the commercial community. Panic and Distrust have followed in the wake of suspensions, and the uncertainty that attends their continuance and termination, so long as dependent upon the voluntary action of the Banks, adds no small amount of fictitious alarm, to the real distresses of the country. From such a state of things, bad enough in itself, further evils are threatened and predicted, which have become magnified by constant iteration, until the whole commonwealth has become one mass of excitement. Banks and currency are the constant recurring themes on the lips of all. The prosperity or ruin of thousands, even the honor and credit of the State, in the payment of its own heavy engagements, are said to hang on this uncertain question of resumption.

What is the true course of a great State in such a crisis? Is it to temporize with the evil?—to compromise the great principles at stake, and by further speculative theories, to procrastinate, what cannot be averted? A final crisis in the Banking system must come; and it is the more to be regretted, that it has only hitherto been postponed by temporary expedients and partial legislation, which can barely palliate, while it perpetuates the evil. Can it be denied, that if the insolvent banks, which have fallen to pieces since the first suspension, had been promptly dealt with according to law, the greater proportion of the mass of misery and suffering inflicted by them would have been averted, and the

community spared the disgusting scenes of fraud and swindling, which they have disclosed? And how would this have affected the solvent institutions? If their operations have been sound, no action of the laws or the community could have affected *them;* while as regards the unsound banks, it is beyond the reach of any legislation, to restore them. They hang upon the whole banking system as an incubus, and serve still further to embarrass and depress it; and so far as the statement of any of our Banks disclose to the legislature, that they are not now ready for resumption, after four years of suspension, they warrant the just inference, that they will not be ready for years to come. The sound Banks assert their ability to resume at once. They feel that it is only by a prompt resumption, by cutting loose from their crippled sister institutions, that they can regain the renewed life and confidence which is essential to their private interests, and public usefulness. They know, that a legalized suspension, is a foul blot upon their charters; as it is an act of doubtful policy on the part of any legislature, unless in case of extreme or unavoidable emergency.

The ability of a majority of the Banks in the State of Maryland to stand by a resumption, being conceded by their own statements, the question occurs: is there any such case of extreme necessity acting on all or a greater portion of the community, as should move the Legislature to indulge a further suspension?

The House of Delegates, reflecting the popular voice at the recent elections, have answered negatively by a strong and decided vote. This, however, it may be said, is no answer to the cry of distress from the debtor, who must be ruinously affected by the restrictive measures, which in case of resumption, the Banks will be compelled to adopt.—That all who are interested in obtaining facilities from the Banks, will, if the Bank-screws are applied, feel the pressure, is not denied. But that the operation is necessary and unavoidable, is not so manifest. The aggregate amount of discounts of all the Banks of Baltimore, is less than the aggregate amount of their capitals; and the Presidents of some of the leading Banks of that city, in their recent answers to the Legislature, state, "that their business and operations have been so conducted as to be prepared for resumption." If then, the loans of the Bank, have been reduced to the amount of its capital, it is presumed to be able to meet its engagements, and resume specie payments, without the necessity of further curtailments. And to the extent that they have loaned and discounted, in preparation for resumption, to that extent at least they can, if they will, continue to discount for the relief of the community, without hazard to themselves;—and the pressure in this respect, will be then no greater after the resumption, than during the suspension. However this may be, and time alone can develope its results, it is undeniable that in other respects, a resumption of specie payments by the Banks, will bring instantaneous relief to all classes, by the restoration of a sound, and the banishment of a base currency. In this point of view it is relief to a far larger portion of debtors, than those that depend upon banking facilities; but whose notes deposited or discounted at

Bank, drive them to the ruinous sacrifice of fifteen and twenty per cent. upon the present depreciated circulation, to obtain funds acceptable in payment at Bank. Not less effectual, aed even more extensive must be this relief to the mechanic, the laborer and tradesman, who constitute the great majority in society, and can only garner in the fruits of their hard toil and earnings, by the payment of a double tithe to the brokers and shavers, who revel in this distracted anarchy of the currency.

No state of things can be more intolerable and oppressive than this; and would seem to sanction the excitement which pervades the whole State on the subject. Any change would be relief. And if the apprehensions were true, that a resumption by the banks here, would invite a flood of depreciated paper from the surrounding States, it could not perform a more wholesome office for the public, than to supplant and expel the existing base circulation. But the assumption is gratuitous; at least it has not been vouched by experience; since all the bank suspensions in this State, have been simultaneous and continuous with our neighbors; and Maryland has never yet tested the practicability of maintaining a sound currency in a reliance on her own banks. New York and Boston have sustained themselves, while their neighbors were under suspension; and specie is attracted in that direction, because it is out of use, where an irredeemable currency is permitted to circulate. Our banks have more than sufficient to sustain their present circulation. There is no inducement for Pennsylvania or Virginia to draw it from us. The balance of trade with the South, in favor of our metropolis, will become more likely to attract specie in this direction. It is not now wanted at New York and Eastward; and in the opinion of the undersigned, this is the auspicious time to attempt the resumption, if it is to be done at all; without awaiting the action of the bordering States, or postponing it in future reliance upon crops and contingencies, which are not under the control of human agencies, until new balances are contracted against us to the Eastward, preparing the very drain which is to exhaust the future means and hope of resumption. New life and confidence once restored to the sound Banks by a prompt resumption, the contents of a thousand private coffers, and additional deposits, would speedily be restored to the vaults of the Banks, and new and efficient facilities would be given to their means of relief.

But it is proposed by the majority of the committee, in contemplation of this postponed resumption, to afford at once a preliminary relief by legislative action against the depreciated circulation of the State. Whilst legalizing the present suspension for all general purposes, it is proposed to authorize an issue by the Banks of notes under five dollars, those of the denomination of one dollar to be redeemed at all times in specie, under legal sanctions and prohibitions, that it shall never be drawn from them, for the purposes of sale. And this measure, it is assumed, will be effectual to banish the deteriorated paper of other corporations and individuals. Whatever protection the legislature may throw around the banks in this respect, the undersigned is persuaded must prove inefficacious. While notes of the higher denomination are irre-